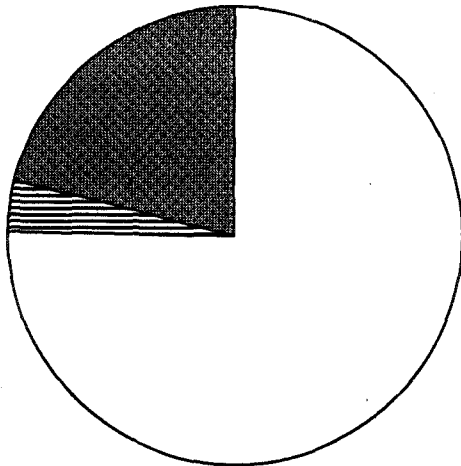


DEVELOPER ASSISTED PROJECTS CAPITAL PROGRAM

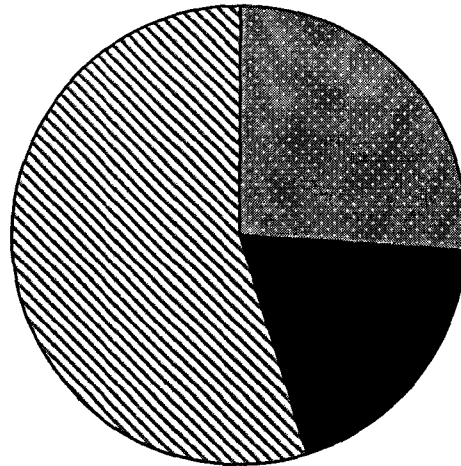
2007-2011 Capital Improvement Program

2006-2007 Proposed
Source of Funds



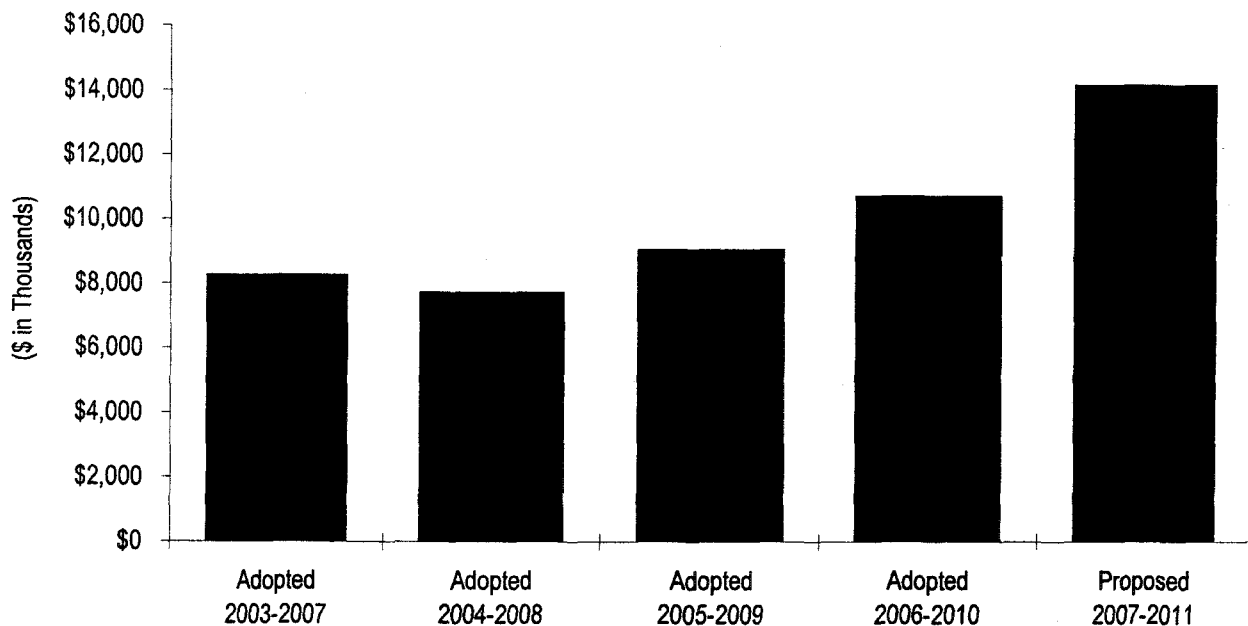
□ Beginning Fund Balance
▨ Fees and Charges
■ Developer Contribution

2006-2007 Proposed
Use of Funds



■ Construction Projects
■ Non-Construction
▨ Ending Fund Balance

CIP History



Developer Assisted Projects

2007-2011 Proposed Capital Improvement Program

Overview

Introduction

The Developer Assisted Projects Capital Program includes the Underground Utility Fund and the Residential Construction Tax Contribution Fund (RCTCF). These funds are set up primarily to receive money from and/or provide payments to developers and utility companies. The 2007-2011 Proposed Capital Improvement Program (CIP) provides funding of \$14.2 million, of which \$6.7 million is allocated in 2006-2007.

This program is part of the Community and Economic Development City Service Area (CSA) and supports the following outcome: *Safe, Healthy, Attractive and Vital Community.*

Program Priorities and Objectives

This capital program is used to reimburse residential developers for the construction of street improvements throughout the City and encourage the undergrounding of existing overhead facilities.

The Underground Utility Fund is used to collect developer fees when a developer opts out of placing facilities underground at the time of development. The fund is then used to establish Rule 20B Underground Utility Districts. These districts combine several smaller undergrounding projects into one large project so as to minimize the undesirable result of piecemeal undergrounding of utility facilities throughout the City. The districts pay for the design, construction, and administration of these projects. Projects are prioritized with a five-year plan based on several criteria, the most important of which is the total amount of fees collected within the proposed Underground Utility District. Other criteria include whether or not the

undergrounding work can be coordinated with other capital improvement work such as street widening, and established equity in the amount of undergrounding proposed among Council Districts.

The Underground Utility Fund is also responsible for the administration of the Rule 20A Program. Through Rule 20A, the California Public Utilities Commission requires Pacific Gas and Electric (PG&E) to annually set aside funds to finance the undergrounding of overhead facilities located on public streets within the City of San José. AT&T (SBC) and Comcast budget funds to participate in projects in which PG&E Rule 20A funds are programmed. City staff legislates the underground utility districts, reviews plans and designs, and coordinates and inspects undergrounding projects. There is currently a backlog of Rule 20A projects due to utility company funding and resource issues. Last year staff held several workshops with PG&E and developed guidelines to implement the program in a more timely fashion.

Developers who construct residential dwelling units pay contributions to the RCTCF. Payments from the fund are made to developers who construct eligible improvements on major City streets in connection with new residential developments. This program implements the City's General Plan Goals and Policies, which state that the City should assign priority to the installation and maintenance of landscaping in median islands and back-up strips along major thoroughfares. Reimbursements to developers for qualifying improvements are made on a first-come, first-served basis according to when the improvements are accepted by the City and when the developers

Developer Assisted Projects

2007-2011 Proposed Capital Improvement Program

Overview

Program Priorities and Objectives (Cont'd.)

subsequently invoice the City with appropriate documentation of their costs. The major program priority and objective is to ensure that residential developments within San José include the construction of public improvements necessary to maintain or improve the infrastructure of the City.

On April 23, 1992, the City Council approved an amendment to the RCTCF Ordinance in an effort to achieve a balance between annual revenues and expenditures and reduce a large fund balance. The amendment modified the ordinance to allow for the use of funds for several additional purposes, including the construction of city-wide median island landscape projects along residential frontage streets, provided funds are available in the RCTCF.

Sources of Funding

Revenue for the CIP is derived from two sources: the Underground Utility In-Lieu Fee (\$7.9 million), which is paid by developers, and the Residential Construction Tax (estimated at \$1.2 million over the next five years). Undergrounding revenues are higher in this five-year CIP than the projection included in the 2006-2010 Adopted CIP. The estimate for Underground Utility In-Lieu Fee collections is \$1.4 million in 2006-2007 and will continue to increase slightly in each of the remaining years of the CIP. Due to increased activity levels, the revenue projections for the Residential Construction Tax are also higher than the \$985,000 projection included in the 2006-2010 Adopted CIP. The annual Residential Construction Tax revenues are projected at \$250,000 for 2005-2006 through

2007-2008. Revenues are expected to level off at \$238,000 for the remaining out years (2008-2009 through 2010-2011).

In both the Underground Utility Fund and Residential Construction Tax Contribution Fund, a significant portion of the respective fund balances will be used along with the projected tax and fee revenues to support the ongoing build out of undergrounding projects and the reimbursements to developers for their street improvement projects.

Program Highlights

Within the Underground Utility Fund, current priorities for legislation include the Park/Naglee and Market/Almaden Underground Utility Districts. The 4th/5th/6th Phase II Rule 20A Utility Underground District was completed in November 2005. The following Underground Utility District projects are currently in design: Guadalupe Gardens (bounded by Coleman Ave., Rte. 880 and Guadalupe River), Stevens Creek Boulevard (Stearns to Calvert), Jackson/Taylor (4th St. to 9th St.), Camden Avenue (Bascom to Leigh), Saratoga Avenue (Route 280 to Kiely), and Evergreen Park (Yerba Buena to San Felipe Road).

Some major anticipated activities within the RCTCF include reimbursements to KB Homes South Bay and Summerhill Homes for median island construction and center strip paving related to the Communications Hill and Dairy Hill projects. The reimbursements to these developers, currently budgeted in 2005-2006, are now programmed in 2006-2007 due to delays in project completion. The schedule for these types of projects are ultimately driven by the developer. Specifically, \$512,000 is programmed for median island reimbursements and \$230,000

Developer Assisted Projects

2007-2011 Proposed Capital Improvement Program

Overview

Program Highlights (Cont'd.)

for center strip paving reimbursements. In 2006-2007 and beyond, some smaller street improvement reimbursements in the RCTCF have been programmed.

Major Changes from the 2006-2010 Adopted CIP

- As discussed above, the revenue estimates for the Underground Utility (In-Lieu Fee) Fund and Residential Construction Tax are higher than in the prior CIP.
- Due to rising operating costs and more comprehensive management/reporting requirements, annual funding for the administration of both funds has been increased.

Operating Budget Impact

There are no additional operating and maintenance costs associated with the projects in the 2007-2011 Proposed CIP, given that the median island construction and center strip paving related to the Communications Hill and Dairy Hill projects will be maintained through an assessment district involving newly developed properties. Within the Underground Utility Program, utility companies will maintain their own facilities.

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
Source of Funds

<u>SOURCE OF FUNDS</u>	<u>Estimated 2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>5-Year Total</u>
<u>Underground Utility Fund</u>							
Beginning Fund Balance	2,903,147	3,842,863	3,261,863	3,190,863	2,074,863	1,713,863	3,842,863 *
Developer Contributions	1,350,000	1,420,000	1,500,000	1,575,000	1,650,000	1,732,000	7,877,000
Reserve for Encumbrances	38,716						
Total Underground Utility Fund	4,291,863	5,262,863	4,761,863	4,765,863	3,724,863	3,445,863	11,719,863 *
<u>Residential Construction Tax Contribution Fund</u>							
Beginning Fund Balance	1,077,845	1,233,363	550,363	549,363	536,363	523,363	1,233,363 *
Taxes, Fees & Charges:							
Residential Construction Tax	250,000	250,000	250,000	238,000	238,000	238,000	1,214,000
Reserve for Encumbrances	1,518						
Total Residential Construction Tax Contribution Fund	1,329,363	1,483,363	800,363	787,363	774,363	761,363	2,447,363 *
TOTAL SOURCE OF FUNDS	5,621,226	6,746,226	5,562,226	5,553,226	4,499,226	4,207,226	14,167,226 *

* The 2007-2008 through 2010-2011 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program

Use of Funds

USE OF FUNDS	Estimated 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	5-Year Total
<u>Construction Projects</u>							
1. Underground Utility Program	127,000	1,651,000	1,200,000	2,300,000	1,600,000	2,650,000	9,401,000
Total Construction Projects	127,000	1,651,000	1,200,000	2,300,000	1,600,000	2,650,000	9,401,000
<u>Non-Construction</u>							
General Non-Construction							
CIP Action Team	3,000						
CIP Database Enhancement	2,000						
City Hall Furniture, Fixtures and Equipment	5,000						
City Hall Occupancy	1,000						
2. Reimbursement to Developers for Center Strip Paving	9,000	230,000	55,000	50,000	50,000	50,000	435,000
3. Reimbursement to Developers for Landscaping		512,000	50,000	50,000	50,000	50,000	712,000
4. Residential Program Administration	82,000	90,000	95,000	100,000	100,000	100,000	485,000
5. Street Improvements for Nev Development		100,000	50,000	50,000	50,000	50,000	300,000
6. Underground Utility Administration (20A)	221,000	231,000	241,000	251,000	261,000	271,000	1,255,000
7. Underground Utility Administration (20B)	90,000	110,000	120,000	130,000	140,000	150,000	650,000
Total General Non-Construction	413,000	1,273,000	611,000	631,000	651,000	671,000	3,837,000
Contributions, Loans and Transfers to General Fund							
City Hall Operating & Maintenance	5,000						
Total Contributions, Loans and Transfers to General Fund	5,000						

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	5-Year Total
<u>Non-Construction</u>							
Contributions, Loans and Transfers to Special Funds							
Transfer to the City Hall Debt Service Fund		10,000	11,000	11,000	11,000	11,000	54,000
Total Contributions, Loans and Transfers to Special Funds		10,000	11,000	11,000	11,000	11,000	54,000
Total Non-Construction	418,000	1,283,000	622,000	642,000	662,000	682,000	3,891,000
Ending Fund Balance	5,076,226	3,812,226	3,740,226	2,611,226	2,237,226	875,226	875,226*
TOTAL USE OF FUNDS	5,621,226	6,746,226	5,562,226	5,553,226	4,499,226	4,207,226	14,167,226*

* The 2006-2007 through 2009-2010 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of same funds.

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
2006-2007 Use of Funds by Funding Source

	(416) Underground Utility Fund	(420) Residential Construction Tax Contribution Fund	Total
TOTAL RESOURCES	5,262,863	1,483,363	6,746,226
<u>Construction Projects</u>			
1. Underground Utility Program	1,651,000		1,651,000
Total Construction Projects	1,651,000		1,651,000
<u>Non-Construction</u>			
General Non-Construction			
2. Reimbursement to Developers for Center Strip Paving		230,000	230,000
3. Reimbursement to Developers for Landscaping		512,000	512,000
4. Residential Program Administration		90,000	90,000
5. Street Improvements for New Development		100,000	100,000
6. Underground Utility Administration (20A)	231,000		231,000
7. Underground Utility Administration (20B)	110,000		110,000
Total General Non-Construction	341,000	932,000	1,273,000
Contributions, Loans and Transfers to			
Transfer to the City Hall Debt Service Fund	9,000	1,000	10,000
Total Contributions, Loans and Transfers to	9,000	1,000	10,000
Total Non-Construction	350,000	933,000	1,283,000

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
2006-2007 Use of Funds by Funding Source

	(416) Underground Utility Fund	(420) Residential Construction Tax Contribution Fund	Total
Ending Fund Balance	3,261,863	550,363	3,812,226
TOTAL USE OF FUNDS	5,262,863	1,483,363	6,746,226

Developer Assisted Projects Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

1. Underground Utility Program

CSA:	Community and Economic Development	Initial Start Date:	Ongoing
CSA Outcome:	Safe, Healthy, Attractive and Vital Community	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	City-wide		

Description: Rule 20B Underground Utility Districts are established with fees paid to the City when a developer opts out of placing facilities underground at the time of development. Projects are prioritized with a five-year plan based on several criteria, the largest of which is the total amount of fees collected with the Underground District. This allocation is used for the design, construction, and administration of these projects.

Justification: Underground Utility Ordinance No. 23187 mandates that fees collected pursuant to the ordinance be used to fund the conversion of overhead utility facilities to underground facilities. The purpose of the conversion is to implement the urban design policies of San José's General Plan.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Construction		1,741	127	1,651	1,200	2,300	1,600	2,650	9,401		
TOTAL		1,741	127	1,651	1,200	2,300	1,600	2,650	9,401		
FUNDING SOURCE SCHEDULE (000'S)											
Underground Utility Fund		1,741	127	1,651	1,200	2,300	1,600	2,650	9,401		
TOTAL		1,741	127	1,651	1,200	2,300	1,600	2,650	9,401		
ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4654		

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

2. Reimbursement to Developers for Center Strip Paving

CSA:	Community and Economic Development	Initial Start Date:	Ongoing
CSA Outcome:	Safe, Healthy, Attractive and Vital Community	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	N/A		

Description: This allocation provides reimbursements to developers of residential projects being built adjacent to major collectors for the costs of paving the street beyond the 30 foot width for residential streets.

Justification: This program implements the City's General Plan Goals and Policies, which state that the City should assign priority to the installation and maintenance of median islands and back-up strips along major thoroughfares.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Payment to Developers		209	9	230	55	50	50	50	435	
TOTAL		209	9	230	55	50	50	50	435	

FUNDING SOURCE SCHEDULE (000'S)										
Residential Construction Tax Contribution Fund		209	9	230	55	50	50	50	435	
TOTAL		209	9	230	55	50	50	50	435	

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:
N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4314		

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

3. Reimbursement to Developers for Landscaping

CSA:	Community and Economic Development	Initial Start Date:	Ongoing
CSA Outcome:	Safe, Healthy, Attractive and Vital Community	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	N/A		

Description: This allocation provides reimbursements to residential developers to install landscaping on City streets near developments.

Justification: This program implements the City's General Plan Goals and Policies, which state that the City should assign priority to the installation and maintenance of median islands and back-up strips along major thoroughfares.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Payment to Developers		437		512	50	50	50	50	712		
TOTAL		437		512	50	50	50	50	712		

FUNDING SOURCE SCHEDULE (000'S)							
Residential Construction Tax Contribution Fund	437	512	50	50	50	50	712
TOTAL	437	512	50	50	50	50	712

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:
N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5148		

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

4. Residential Program Administration

CSA:	Community and Economic Development	Initial Start Date:	Ongoing
CSA Outcome:	Safe, Healthy, Attractive and Vital Community	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	N/A		

Description: This allocation provides for the administration of the Residential Construction Tax Contribution Fund.

Justification: Funds are necessary to administer the collection and distribution of funds related to the Residential Construction Tax Contribution Fund.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Program Management		82	82	90	95	100	100	100	485	
TOTAL		82	82	90	95	100	100	100	485	

FUNDING SOURCE SCHEDULE (000'S)										
Residential Construction Tax Contribution Fund		82	82	90	95	100	100	100	485	
TOTAL		82	82	90	95	100	100	100	485	

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:
N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5140		

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

5. Street Improvements for New Development

CSA:	Community and Economic Development	Initial Start Date:	Ongoing
CSA Outcome:	Safe, Healthy, Attractive and Vital Community	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	N/A		

Description: This allocation provides reimbursements to developers for voluntary off-site street improvements typically adjacent to an ongoing private development project.

Justification: This program implements the City's General Plan Goals and Policies, which state that the City should assign priority to the installation and maintenance of street improvements along major thoroughfares.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Payment to Developers		50		100	50	50	50	50	300	
TOTAL		50		100	50	50	50	50	300	

FUNDING SOURCE SCHEDULE (000'S)										
Residential Construction Tax Contribution Fund		50		100	50	50	50	50	300	
TOTAL		50		100	50	50	50	50	300	

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:
N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5402		

Developer Assisted Projects Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

6. Underground Utility Administration (20A)

CSA:	Community and Economic Development	Initial Start Date:	Ongoing
CSA Outcome:	Safe, Healthy, Attractive and Vital Community	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	N/A		

Description: PG&E and other utility companies allocate their own funds to replace existing overhead electrical facilities with underground electrical facilities within the communities they serve. This allocation provides funding for the day-to-day administration of the undergrounding program, including design and plan review, coordination, inspection of undergrounding projects, underground service alert locating, and legislation of the Underground Utility Districts.

Justification: Underground Utility Projects occur per the City Council endorsed five-year workplan. The purpose of the conversion is to implement the urban design policies of San José's General Plan.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Program Management		221	221	231	241	251	261	271	1,255		
TOTAL		221	221	231	241	251	261	271	1,255		

FUNDING SOURCE SCHEDULE (000'S)

Underground Utility Fund		221	221	231	241	251	261	271	1,255		
TOTAL		221	221	231	241	251	261	271	1,255		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4786		

Developer Assisted Projects Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

7. Underground Utility Administration (20B)

CSA:	Community and Economic Development	Initial Start Date:	Ongoing
CSA Outcome:	Safe, Healthy, Attractive and Vital Community	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	City-wide	Revised Completion Date:	
Location:	N/A		

Description: Ordinance No. 23187 established an Underground Utility Fee Program whereby developers can pay a fee in-lieu of being required to underground all overhead utilities adjacent to their developments. This allocation provides funding for the day-to-day administration of this Ordinance, including plan review.

Justification: Staff support is necessary to administer the Underground Utility Program.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Program Management		90	90	110	120	130	140	150	650		
TOTAL		90	90	110	120	130	140	150	650		
FUNDING SOURCE SCHEDULE (000'S)											
Underground Utility Fund		90	90	110	120	130	140	150	650		
TOTAL		90	90	110	120	130	140	150	650		
ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5147		